3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

and measures for the stabilization of the currency. Proposals were put forward by the Austrian Government, but required the approval of the Economic Co-operation Administration, the highest administrative authority controlling the European Recovery Programme, which had its headquarters in Washington.

Under this whole system the greater part of the dollars made available by the United States were used to provide Austria with essential food and raw materials. At the same time a large proportion of the schilling equivalent of the dollars could be devoted to long-term projects that would strengthen the country's economy.

In dealing with the recovery programme in detail, it will be convenient to divide up the Austrian economy under eight main headings and treat each of the following separately: (i) agriculture, (ii) forestry and dependent industries, (iii) heavy industries, (iv) other manufactures, (v) fuel and power, (vi) minerals not covered under (iii) and (v), (vii) communications, (viii) the tourist industry. The division is rough and arbitrary, and the headings imply some overlapping, but it is an oversimplification convenient for dealing with a large and complicated subject in a limited space.

As has been seen, Austrian agriculture was in a lamentable state when Marshall Aid began. If food production could be increased and Austria became less dependent on imports, a considerable contribution would be made to improving her trade balance. Yet for several reasons agriculture was not a branch of economy that could easily be improved by foreign assistance. The great majority of the farms were small. The peasants were conservative and difficult to influence. Two of their main problems were lack of labour and the low level of agricultural prices, and these were problems that had to be solved by the Austrian Government itself.

The target was set, however, of restoring production to the pre-War level by 1953. Seeds, farm machinery, and feeding-stuffs were to be supplied. Above all, a much greater use of artificial fertilizer was to be encouraged. Before the War

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

Germany used thirteen times as much per acre as Austria; Holland sixteen times as much. There was great scope, therefore, for increased use. Austria now had her own production plant, and the price of imported fertilizer had scarcely risen half as much as food prices. The programme suggested that by 1953 over four times as much should be used as in 1937, and even then the economic optimum point would nowhere near have been reached.

The significance of Austria's forests is shown by the fact that between the Wars they provided a livelihood, directly or indirectly, for about one-sixth of the population. Lumber exports amounted in value to over 10 per cent of the country's total and, together with the exports of the dependent paper and cellulose industries, just about paid for Austria's most important food imports. After the War the forests were suffering from the excessive felling that had been carried out systematically during the past few years and from the fact that it had taken place in the more accessible areas. This double injury could only be put right by a policy of restraint extending over a number of years: by reducing cutting, and by concentrating on the less accessible, and therefore the less economic areas. In consequence the fundamental cure was, to a great extent, beyond the scope of the recovery programme. But the timber, paper, and cellulose industries had one feature in common: their equipment was very largely out-of-date and inefficient. Judged by modern standards, the methods employed in forestry and the timber industry were still primitive. The sawmills were mostly on a very small scale and could not be compared in efficiency with large up-to-date enterprises in other countries. The consumption of coal in Austrian cellulose factories was about one ton for every ton of cellulose produced, whereas a good Swedish factory used less than a third of the amount. Much of the equipment in the paper-mills was so obsolete that the competitive power of the Austrian paper industry in world markets was being undermined. Here ERP resources could be of great assistance, and funds were allocated for the introduction of modern equipment and modern methods into all three industries.

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

433 If the different branches of the Austrian economy are
241 considered separately, the record of agriculture is the most disappointing, although the rise in population and food prices since before the War made it vitally important that agricultural production should at least regain its pre-War level.

The disappearance of the black market and the progressive adjustment of internal food prices since the end of the War had improved the situation from one pont of view. The conservatism of the farmers and the prevalence of small holdings in Austrian agriculture were features that could scarcely be altered. But there were several aspects of the problem that were susceptible to treatment and in which more could have been done both by the Government and by the ERP authorities.

[464] The number of paid agricultural employees, not counting the farmers themselves and members of their families, dropped by nearly a quarter, from 285,600 in 1937 to 217,000 in 1951. In view of the man-power available, more speedy and energetic steps should have been taken by the Government to counteract this tendency. The plan that has been drawn up to deal with it will be considered later. The loss of labour was balanced to some extent by mechanization, carried out largely with Marshall Aid. The number of tractors increased by 850 per cent between 1939 and the end of 1951. But the supply of artificial fertilizer and feeding-stuffs from abroad fell far short of essential needs, and agriculture's share of counterpart funds was less than the allocation to the primary iron and steel industry, which did not employ a tenth of the number of men on the land. It was not until the summer of 1952 that increased imports of feeding-stuffs and an adjustment of prices by the Government made it possible to fix the cost of bread-grains at 25 per cent above that of maize for feeding, and so stimulate farmers to increase their bread-grain production.

433 Austrian forestry and its dependent industries responded well to ERP assistance. During the first three years of Marshall Aid lumber exports increased fivefold, and in 1951 they amounted to 17 per cent of Austria's total exports. By 1951 paper industry production had risen to 113 per cent, and cellulose

Part of the proposed projects have been completed and remarkable results obtained already. This industry was bolstered greatly by refugees from Czechoslovakia. 323 652

Within the scope of the investment programs 100 million schillings were allotted in 1950 to the erection of general dwelling units. In addition to a sum of 11 million schillings provided out of public funds, 34 million schillings were allocated for erection of workers' dwelling units. (The proposed amount in the three year period for workers' dwelling units was 85 million schillings.) [362]

e) Investments for agriculture and forestry.

Damages caused by the war to this important source of supply (through exhausting the soil, lack of fertilizers and pest control, overcutting, etc.) can be restored only gradually. Because of the increased use of tools of production, financed by ERP funds, it was possible to reach a higher gross production value in the years 1948 and 1949. However, it still lagged behind the volume of industrial production which by 1949 had exceeded the prewar level. The higher production in agriculture in 1948 and 1949 made available bigger supplies of foodstuffs for city dwellers and also made it possible to increase the decimated livestock and improve it. Thus, gaps in supplies of milk, meat and fats could be filled in. [241] [362] [231]

These improved results would not have been impossible without the ERP aid. In the first plan-year, Austria had at its disposal a total of 156 million dollars (or 57 per cent of the total amount of the ERP aid) to increase the production in agriculture, small business and industry. A sum of 18.7 million dollars was allotted to agriculture and supplied 139,000 tons of fodder, 189,000 tons of fertilizers, 4,200 tons of seeds, as well as agricultural machinery and veterinary supplies amounting to 1.1 million dollars. In the second year of the plan agriculture and forestry received approximately 25 million dollars for the import of tractors, caterpillars, threshing machines, reapers, motorized plows, disk harrows, replacement parts, milk separators, and machinery for soil treatment (and also to finance means of conveyance and facilities for forestry). [648]

Up to the end of 1949 approximately 9,000 agricultural machines, with a total value of 31.5 million schillings, could be bought out of counterpart funds. Through the formation of agricultural machine cooperatives (about 33) even medium and small-sized farms were able to share in the advantages of technical modernization. The progress of electrification in rural areas supplied light and current to 4,800 farms. Storehouses and freezer lockers have been built in fruit producing areas. In addition, dairies and cheese making plants have been erected from ERP funds.

Further investments in the agricultural sphere are being carried out in accord with the investment program of 1950-52. For these purposes 270 million schillings were released from counterpart funds in 1950 (i.e., 43.6 per cent of the 620 million schillings provided in the agricultural priority program, or 34.6 per cent of the total of 780 million schillings provided in the whole program).

In forestry (exports), which is of paramount importance to Austria, the approximate prewar level of wood and timber output and supply has been achieved through various rationalizations and especially better means of transport and better roads. In 1948 the timber output was 8.24 million cubic meters (Festmeter); in 1949 already it was 9.24 million cubic meters; in 1950 the output could be increased to slightly over 10 million cubic meters.

The increasing production of timber and the stoppage of exports of undressed timber made it possible to supply sawmills and timber finishing plants with bigger quantities of wood in 1949 and 1950 than prior to the war. In 1949, 2.50 million cubic meters of whole timber were planed. In 1950 the amount was 4.41 million cubic meters as compared to 3.14 million cubic meters in 1937. The paper, cellulose, wood fiber and pulp industries could be provided to an increasing extent with all necessary raw materials (especially wood pulp); thus, covering not only the domestic needs but also enabling Austria to gain a foothold in former export markets.

The forestry and sawmill industry received 90 million schillings in 1950 out of counterpart funds and, in addition, 22.5 million schillings in December 1950 to be carried forward for use in 1951.

restrictions on its imports in order to abolish its accounts at the EPU. There are no restrictions to the imports into Switzerland. France recently has promised to facilitate imports of Austrian goods by abolishing its assets in the trade account. Further potentialities in exports may be found in the Near East. Thus, for instance, Turkey has concluded a "classic trade and shipping agreement" with West Germany as recently as February 16, 1952, under which German participation in the industrialization of Turkey has been secured. 439

3)[1] An intensive and extensive increase of agricultural production (a step by step decrease in the import of bread, grains and sugar to the prewar level). In doing this the fact was taken into account that in 1938 almost 80 per cent of the normal consumption of wheat and rye and 98 per cent of the domestic consumption of sugar had been covered by domestic harvests. This aim can be reached in view of the more advanced techniques of fertilizing and in view of investments for agriculture. (In the Long-Term Program for 1952 provision is made for a cultivation area for bread grains of 576,000 hectare. This could not be attained because of price policy consideration. It may be possible to carry out the necessary extensions of production by the projected shift in subsidizing the proposed prices in agriculture and by stopping migration from rural areas. At present a law is under discussion pertaining to this.) [241] [652]

4) Categorizing the import goods on the basis of their importance to life; in this case the imports of sugar may be restricted and the import of colonial wares may be revised.

5) An increase of the productivity of plants in order to lower production costs and to build up a firm level of real wages.

6) A new calculation of costs as favored by lower prices of raw materials.

There is no doubt that none of these programs can actually be carried out to full extent since the economy is still in a state of flux and outside influences make current adjustments necessary. But it is most important to find a general line as a center of focus for necessary measures. It will be possible, with the continuous consolidation in certain fields, 000

[1] [Normalization of the trade balance in regard to both imports and exports will be achieved through: --Analyst]

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Aschach-on-the-Danube.

Austrian wine-growing. The green grapes on the sunny walls of many a farmhouse seem to be dreaming of these bygone glories. Today, the mugs in the "Bauernstuben" ("Peasant Parlours") and the glasses on the inn tables are no longer filled with wine, but with the cider and perry from apples and pears which in late summer lie in great heaps before the old home presses, richly carved and decorated with mottos. The Upper Austrian is a great drinker of cider in pauses between his warm work in the fields, and at "Jause" (tea time), in cool, paved rooms or in the shade of an inn lime-tree in summer.

The wooded charm of the mountains lining the Danube Valley strikes an ever more solitary note. The hills and cliffs twist the ribbon of the river into loops until at Schlögen it makes a great bend around the foot of the mountain on which stand the ruins of Haichenbach. Next come the villages of boat-builders; further upstream we see on high ground the market church of Engelhartszell on the right bank, near the Bavarian frontier.

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IN THE INNVIERTEL.

Rich harvests are usual in this part of the country. The four-square farms nestle comfortably and with an air of independence in the rich fields. In the stables, side by side with the long row of sturdy cart-horses are fast trotters, which draw the farmer and his wife on cross-country trips, or when they enjoy the hospitality of a wedding feast in some neighbouring village. Baroque church

announced by trumpets from the tower, and hundreds of candles burn in the cemetery.

In the "Rauhnacht", before the Feast of Epiphany, you can watch the "Glöcklerlaufen" in many parts of the country around Ischl. Young men in groups of up to 30 and more carry transparent head-dresses on their heads in the form of chapels, fish, crosses, ships, etc., which are lighted up from within by candles. They are dressed in white, with dangling bells and run from house to house at a definite steady pace.

In the spring, at Candlemas, the time for changing servants, there is "Aperschnalzen". This is a rhythmic cracking of whips which welcomes the first patch to be clear of snow. Later comes the "Almauftrieb" (the driving of cattle up to the mountain pastures) to be followed in autumn by their being driven back to the valleys. The procession up to the green pastures is a great event. The cattle are decorated with coloured ribbons and garlands of flowers, the leading bull carrying a bell. The calves often bear crowns of real flowers between their tiny horns.

On Palm Sunday the palm bush is constructed. Branches of pine, willow and spring flowers are twined together in bunches to which ribbons and apples are attached, and are then fastened to long poles and carried to the church. Afterwards they are placed in the middle of the fields to make them fruitful, and left until the new grain or high grass has grown up all around.

Corpus Christi Day is a religious holiday throughout the Catholic countryside. Everywhere there are processions. At Hallstatt and in Traunkirchen, where there is too little space between lake and mountains, the Corpus Christi "Procession" is held upon the lake. On the water, verses are read from the four gospels, while guns thunder from the shores or in the mountains.

towers and the steep span-roofs of the houses look out over golden fields of wheat and barley, over level plains and gently sloping hills of arable land, over orchards heavy with fruit and extensive forests. Like a constantly recurring *leit-motif*, the chain of the Alps thrusts the many-shaped zigzag of its peaks into the sky wherever one glances southwards. Whether it be in the prosperous market-towns on the Inn, in Schärding or Braunau or the land up-country, in Ried or Haag, in old riverside-shipping towns like Obernberg or in the distant villages, everywhere you sense the Innviertler's *joie de vivre*, his passion for dancing and song, his simple enjoyment of marriage and church festivals. Trace this to its source and you will find that it is love of the soil, of the Province, of home—as you will find it interpreted in the dialect verses of Stelzhamer.

Braunau-on-the-Inn.

If you are looking at altars and similar church decorations in this area, you will surely come across the name of Schwanthaler. An artist whose imaginative sketches have been exhibited all over Europe lives here in a romantic castle at Wernstein-on-the-Inn—Alfred Kubin.

IN THE HAUSRUCK. Across the Province of Upper Austria runs a forest-covered range of alps, the Hausruck. Its massive height may well have seemed to popular imagination like the body of a giant resting embedded in the surrounding hills, lost in mysterious dreams.

874 The teachers took good care of you. They let your surroundings speak for themselves. You will never be able to forget the arcaded courtyard of the Schallaburg with its wonderful terra cotta work from the hand of an Italian master. Seitenstetten was rather far off, but you managed to visit it. Quiet and beautiful, yet busy in its own way, it is set in a fertile countryside.

241 Once two of you decided to go off together. Above your heads you bore a flag which was supposed to express the longing of its bearers for the open spaces and all things beautiful. They found their way to Mank, to Amstetten and further afield, discovering that this province possesses as many real farmers as it does great, rounded hills. Like castles on the latter stand the two-storied farms of the landed farmers. Theirs is the world in all its essence—ploughland, meadows, forests. Black-trunked, heavily grown pear trees stand before the farms, in gardens, in hedges. The peasant dialect is soft, easy going, manly and kindly.

000 Later you once stood with a girl up in the mountain-pass village of Annaberg, in the porch of the church. The curious high tower with its covering of metal plates showed clearly against the blue winter sky and in the far distance before you was the snow-topped ridge of the Ötscher. Then you set forth into the boundless glistening world through the dark-green snow-covered forest. There a wonder arose out of the earth, a wonder for you, child of the hills. Through the crystalline crust of the ice broke the faultless bloom of the first christmas rose, born of the silent force of winter. Carefully you picked the blossom, and carefully you gave it to the girl. Pure and white as the rose was this hour, pure as the eternally sparkling snows, young as the potent breath of the woods and as free of dust as the beckoning blue heavens.

133 788 You have not forgotten the sparkling summer waters of the Erlauf and Lunzer lakes. Surrounded by flowers and forests, tranquil, glitteringly blue, they call to you, offering rest to the weary visitor from the cities, and tempting the peasant pilgrims of Lower Austria away from their pious, easy walk of penance to the Virgin Mary at Zell.

000 STUDENTS IN THE WACHAU DISTRICT. Your St. Pölten teachers wanted you to see many and varied things, and so you found yourselves in the wine-gardens of Göttweig Monastery. Oh unforgettable hour! Blue as the night, golden as the moon, milk-white as the surrounding chestnut blossoms. St. Benedict is fond of building on mountains. Before us were the valley and the low country and there beyond, half hidden by fields, the Danube. Above were many hundreds of lights, gables, roofs, towers and mountains. On the morrow you passed through Krems, singing, because you were students, "A wandering apprentice I, knowing no cares . . ."

How it echoed in the narrow streets! The past took you warmly by the hand. If you had found a blue-uniformed sentry standing guard at the Steiner Tor with

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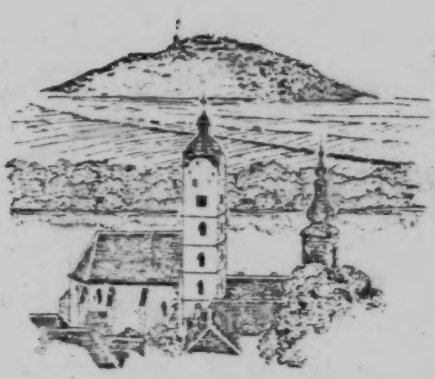

Gottweig Monastery; view from Stein-on-the-Danube.

red top-boots and white leather accoutrements, you would not have been surprised.

When the happy crowd went on to Dürnstein, was it still an excursion? Was not it rather a dipping into the romance of the past? "At the Sign of the Singer Blondel" or "At the Sign of King Richard the Lion Hearted" are names of inns there. And when you lay up above on the remains of a castle wall, the dark water streaming past below and the dark forests gleaming on the slopes of the mountains, you had for the first time the feeling of getting to know the spirit of a countryside and of being close to all the fateful events it had seen.

361 792 Melk is throned in majesty. From a massive parapet of stone rise Prandtauer's glorious towers. The Monastery is vast and overpowering. It was the birthplace of law and order in the Danube district, as of Austrian culture and literature. The treasures which the magnificent library offers to the mind can hardly be grasped by the eye.

292 Everyone should at least once have seen the colourful silk dresses and shimmering gold bonnets of the women from the Wachau district. How lovely when the evening light falls on them as it did that time in Göttweig, and you hear the moving rhythm of the song: "So home we go in the full moon's light."

133 ●241 THE WALDVIERTEL. Eggenburg lies almost on the dividing-line between vineyards and forests, gently warmed by virtue of the declining and widening slopes. But high above, around the Nebelstein, the wind blows chill and raw. There the oats have to be mown by mitten-covered hands. As the Ottenschlag saying has it:—"Three-quarters of the year winter, one quarter cold." In places there are enormous blocks of stone which have carefully to be avoided by the plough. Vast forests of pine give the countryside a dark and rugged hue, relieved only by

Weissenkirchen.

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the austere yet lighter shades of oats and rye. Colour is lent by blue flax, red and white poppies and verdant green fields.

The view is dominated by range upon sweeping range of eternal mountains. White highways curve gracefully up and again down the steep slopes. Everywhere at the highest point stands a dark-green forest of pines. At times the ground stops abruptly, and you can see whence the gigantic stone masses fell—and are falling still today—which formerly towered above field and forest as ancient mountains. A precipice drops steeply away, the debris of fallen stone-masses lying at its foot among the many trees. Past great piles of stones large and small flow the Thaya and the Kamp, sweeping stones with them. They swirl in endless bends around the foot of cliff after cliff. About their sheer walls stand defiant castles and dreamy ruins.

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Apricot Gathering in the Wachau District.

Once you were invited to visit the forest district. For a whole day you journeyed through the woods and then you were forced to stop. Before you arose a great baroque tower, below it a forest of gothic pillars reaching towards the heavens, cloisters and a shaded well, the whole complicated gothic blossoming and romanesque fading—the monastery of Zwettl in its [illegible] situation on the banks of the swift-flowing Kamp amidst mighty forests [illegible]ing, you came to the frontier, high above. A piece of secular and chivalric histo[illegible] confronted you like a rock—Heidenreichstein, the most beautiful river-castle of the Province.

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Usage and custom are rooted in the soil of the woodlands. On the house gables appear May blossoms in many colours. Young men plant green fir-trees, decorated with waving ribbons, for their girls. Mischievous "May paths" are devised with sawdust or water mixed with lime which are suddenly found leading over streets and byways from a certain door to another, thus making public what the parties concerned had kept a closely-guarded secret.

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In many places the winter evenings still see the traditional "Rockreise". Women and girls "visit" friends in order to spin thread. Softly the delicate wheels turn, young men come and sing, and the women and girls tell stories of the robber chief Grasl, of the wicked Waldschrat and of God's vengeance on the inquisitive girl. Here and there an old loom is still standing.

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Raab-on-the-Thaya.

of the Pulkau, in the Danube area—and in China.

BEAUTIFUL IS OUR SUMMER! Millions of vines reaching out towards the setting sun, a low, thick-set endless forest of pale green. Before you the fertile valley in its lovely frame. Ahead, hundreds and thousands of fields, ribands of flame through which one can walk for two hours, golden seas of shimmering grain. And in between, green clover and vegetables, caught in the rays of the setting sun.

In the middle of the valley, along the Pulkau, lie the villages. Large and solid roofs, a strong, bulky tower, and round about a circle of trees characterise the isolated vineyard market-towns and villages. They are large and straggling settlements, virile in character. You should pay them a visit and enter one of the houses. A strong and penetrant smell of home-made bread, bubbling pots, flour-bins, eiderdowns bursting with feathers, the breath of man and beast, warmth of straw and stables will greet you with familiar welcome.

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Where the valley sweeps broadly round are again pale green hills, vineyard upon vineyard. Next comes a wooded mountain, its crest gracefully sloping down and leading the eye on to the great beech and oak forests of Ernstbrunn. Hard is the life of the peasants here—never-ending round of toil. On winter nights when the vines are endangered, they tend the fires whose smoke fights the frosts. When at last they have completed the protection of the vineyards against damp, against drought, against insect pests, they turn, weary and worn, to the fields awaiting the reaper. As black clouds gather they fear for both. Through sleepless nights they aid the beasts in the struggle to bear their young. When they go to haul the trunks of great oaks from the forests, it is midnight before the horses are fed. The population has preserved its ancient manner of speech, as lively and as deeply rich as the ocean. The forces of long past centuries and an ancient homeland linger on in word and custom. Marriage splendours, the dance of the vintage, "Weizauslösen" (de-husking the grain) and "Federnschleissen" (stripping the feathers of their down) lend colour to days and nights.

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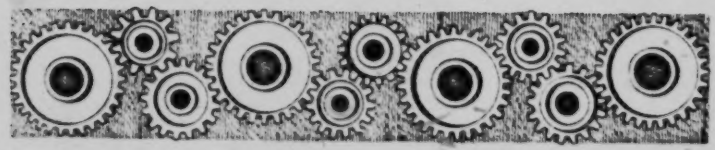
In summer everyone should see a "Kirtag" (church festival). This is more than an annual fair, it is the great festival of the year, two days and two nights of feasting



439 Trade stagnation lasted until the middle of the 1930s, when the armament
648 programme of the Axis Powers, Germany and Italy, was launched, to be followed gradually by an armaments race between all the world's most important trading countries. Austria was excluded from the development which led to the catastrophe of the Second World War, firstly through her political differences with the Third Reich (which answered by a cruel economic boycott in order to force Austria to her knees) and secondly on account of her economic structure, which was suited to the production of peace-time goods but not to that of armaments.

Austria had to make a tireless and purposeful search for new markets before she succeeded in forming and consolidating foreign trade connections with distant territories—the United States of America, British India, Japan, China and the Argentine. If this development had not been interrupted by the occupation of Austria in 1938, the results of Austria's successful attempts to revive her foreign trade would doubtless have soon been apparent in the growth of typically Austrian exports.

Even though the visible results of this change of direction may seem modest, it must not be overlooked that parallel with the deleterious results for Austria of the protectionist policies pursued abroad, there were serious internal problems of economic reconstruction to be solved. One of these was and still is the structure and the development of agriculture.

241 For many reasons unconnected with economics, but also in order to increase home
439 supplies of the chief articles of food, agricultural development was encouraged. The most important changes in agricultural production were brought about, particularly in the years 1930 and 1931, by radical economic-political measures. The customs tariffs for these years showed a considerable increase of duties on grain, flour, sugar, cattle and meat, the protective tariffs being even further increased in the following years. The resulting rise in prices meant an increase of cultivated areas and the production of the most important kinds of grain.

231 A further far-reaching measure affecting cattle raising was the regulation of imports
439 of cattle and meat through the setting up of tariff barriers against the most important
654 of the neighbouring States. Apart from this, in April 1932 the import of the most widely sold types of cattle and cattle products was forbidden.

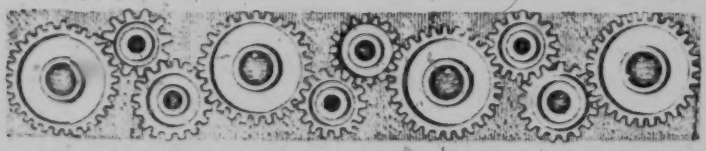
The increase in production resulting from all these measures was bound to increase the difficulties of marketing during the slump. In pig-raising it at last became necessary to resort to curtailment of output (prohibition of pig-raising for the market). An attempt was also made to increase the costs of cattle-rearing and thus limit the supply by raising the so-calledli cence fee for the import of fodder.

As a stimulant of milk production, a milk-equalisation fund was created to content with sales difficulties, through which the means for the export of dairy products at prices below production costs were raised by the imposition of a tax on fresh milk.

Thus it came about that in the 1930s Austrian products such as standard butter, high grades of cheese and cream could compete successfully on the markets with the dairy products of such leading countries as Denmark, Switzerland and Holland. The western alpine provinces especially profited by this arrangement, but at the same time a great demand was created for home milk products throughout the whole country. Gradually, in the Danube City which has been known from Roman times for its enjoyment of sweet wines, depôts were established where milk could be drunk in the busy streets and on public squares, giving the City a new attraction.

The doubtless necessary encouragement of dairy farming, just at this time, however, brought with it new problems which were aggravated by the effect of the world economic depression. The situation was made worse by the fact that the prices for agricultural and dairy products had sunk far lower than the prices for technical aids to agriculture. The discrepancy between these two sets of prices became still greater from 1933 to 1937. The comparative fixity of wages and the increase in public debts accompanied by sinking prices were not inconsiderable factors in bringing about general deterioration.

Problems of agrarian policy were bound to have a reaction on industrial-commercial economics. Austrian products had to compete with those of countries which had the advantage of considerably lower agricultural prices and thus of a lower cost of living. For a land such as Austria, which in the main can only secure the goods she needs through the export of her own products, it is essential that wages, an important factor in costs, should not be affected too unfavourably by the high price of grain.



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Apart from the necessity for the existence of agriculture, the chief problem is to find a reasonable compromise between the legitimate aims of agriculture and the need of Austrian trade and industry to export at competive prices. This end can only be attained by the pursuit of a suitable economic policy and by an increase of agricultural productive capacity through measures of rationalisation, the discouragement of the drift to the towns and the setting up of a suitable system of administration.

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The period between the two World Wars was too short to allow of full success on these lines, especially in view of the long duration of the world slump.

For the same reasons the efforts to develop the industrial-commercial system along new lines could not be brought to full fruition; attempts to maintain the status quo frequently held up progress. In times of international trade shrinkage any change of policy is not only exceptionally difficult but sometimes also a considerable risk.

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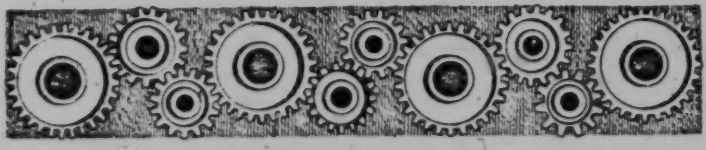
In spite of this Austria made repeated attempts in the course of the years to develop plans for economic rapprochement with neighbouring States. These efforts, however, were doomed to failure through the existence of most-favoured nation clauses and political obstacles. Already in May 1931, conferences were being held in Rome concerning the possibility of increasing trade connections between Italy, Austria and Hungary. From this time onward the preference

THE BANKING SYSTEM IN AUSTRIA.

The structure and economic activities of the Austrian banks since their foundation round about the middle of the last century have followed a different course to that of the credit institutes of the West. For while industrial progress in the latter was based on the active participation of a large circle of interested persons and a well-organised capital market, the development of the far-flung territories of the old Austro-Hungarian Monarchy was left almost entirely to the initiative of the Vienna banks, at first in connection with mechanized transport, and later in connection with industry. Thus, in contrast to the Western type of pure deposit banks, they became universal banks with much more comprehensive functions. Apart from receiving deposits, they gave credit of all kinds ranging from discount credit to long term mortgage credit, dealt in shares and put through stock exchange deals as well as carrying on note emission and syndicate business.

The end of the Monarchy in the year 1918 made it necessary to adapt the Austrian banking system to new conditions. How close the connections of the Vienna banking institutions were with the territories of the old Empire which have since separated from Austria is shown by the fact that of the 127 branches of the Vienna banks which existed under the old Monarchy, not even 10 per cent fell to the new Austria and that, for instance, the Creditanstalt had 16, the Anglo-



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to capitalistic mass production methods. Thus at the Vienna Fair one finds a varied profusion of articles and goods. On the stalls and in the various departments in the halls and pavilions are to be found samples of all the industrial, commercial or agricultural goods produced in Austria, from the simplest tools to complicated precision and tool-making machinery, from building materials to the most modern power plant. Commerce, industry and agriculture unite here to present a complete picture of the Austrian economy.

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Agriculture plays a big rôle in the Fair, which not only provides farmers with an opportunity of selecting their requirements in tools and machinery but also a choice of advertising methods to aid them in selling their own products. The latest developments in many fields are displayed with pride—stock-raising, grafting, crossing, products of the soil, qualitative and quantitative record achievements of every kind from field, stable, vineyard and forest.

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The Vienna Fair, which is for the Austrian producer the most successful sales market and the most effective propaganda organisation at his disposal, is for the foreign producer not merely a place where he can find just Austrian products and customers. So many foreign firms take part that apart from Austrian goods, eastern and south-eastern European wholesale and retail trades are well represented. In Vienna producers, traders and direct consumers meet from the whole of Europe and from the Near East as well as the Balkans, offering many possibilities of transit deals. Here the agrarian East of Europe and the industrial West exchange their wares.

The Vienna Fair is international and is open for all commodities and to all firms from all countries. There are at least 19 countries to be found regularly represented

9: Rothschild E-4, 5 (no date) 1947 EK1 Austria EK1

464 which had passed the 400,000 mark in 1933, fell gradually to approximately 320,000 in 1937. This was, however, still considerably above the level of 200,000 unemployed in 1929. In fact, the problem of unemployment, particularly in the heavy industries and among commercial and administrative workers, remained virtually unsolved. The policy of the Government lay the foundation for a more solid and independent national economy. But it fell far short of an expansionist policy that would have ensured the full use of the country's human and material resources.

• 341 433 Of great importance was the conspicuous progress in agriculture which had been continuous ever since 1920. In a world striving for self-sufficiency, where markets for manufactured exports became increasingly closed, it was necessary to reduce the import requirements for foodstuffs. This object was largely achieved. Taking 1923 as the first normal year in Austria's economic life, we obtain the following picture of development.

	Year	Production (in 1,000 quintals)	Per cent of Requirements
Wheat	1923	2,419	33
	1936	3,678	63
Rye	1923	4,023	76
	1936	4,605	81
Barley	1923	1,710	63
	1936	2,531	85
Oats	1923	3,754	82
	1936	4,029	94
Potatoes	1923	14,262	95
	1936	24,994	100
Sugar	1923	473	31
	1934–6	1,919	99

234 439 Even more important were the structural changes in agriculture. In particular, great progress was made in dairy farming; an industry which had been badly neglected

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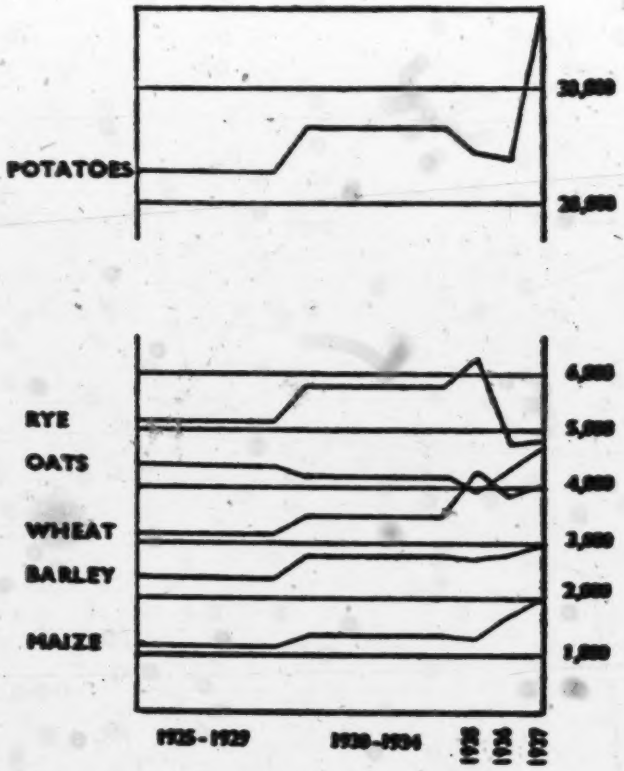
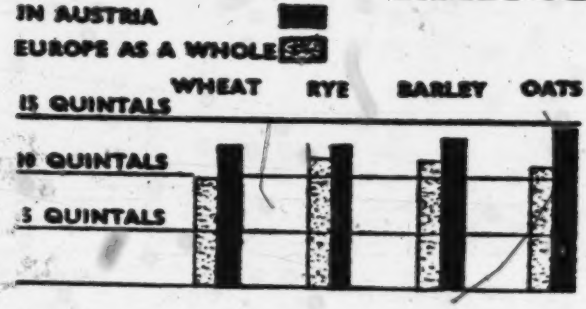
PRODUCTION OF CERTAIN AGRICULTURAL PRODUCTS
IN THOUSAND QUINTALS



COMPARISON BETWEEN AGRICULTURAL YIELDS PER HECTARE



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